



DEEP RESEARCH FUND - RETURN ANALYSIS

Explanation of the net return in 2023

The net return of the Deep Research Fund A-class was +16.9% in the year 2023. Below you can find more information on how this return came about.

Operational contribution

Revenue of our portfolio companies increased on average by +5.4%. Nonetheless, they felt the increasingly difficult macroeconomic environment, which was reflected in an average profit margin contraction of -6.6%. Specifically, the cutting of marketing budgets had an impact on portfolio companies like RTL, WPP or iTV. Inflation also impacted companies' margins, although most of our companies could pass the higher input cost on to their clients.

Valuation

After last year's decline, we saw a valuation gain of +27.1% this year. The mean valuation of all portfolio companies was 16.4x EV/EBIT at the end of the year, which is still cheaper than our long term average of 17.8x.

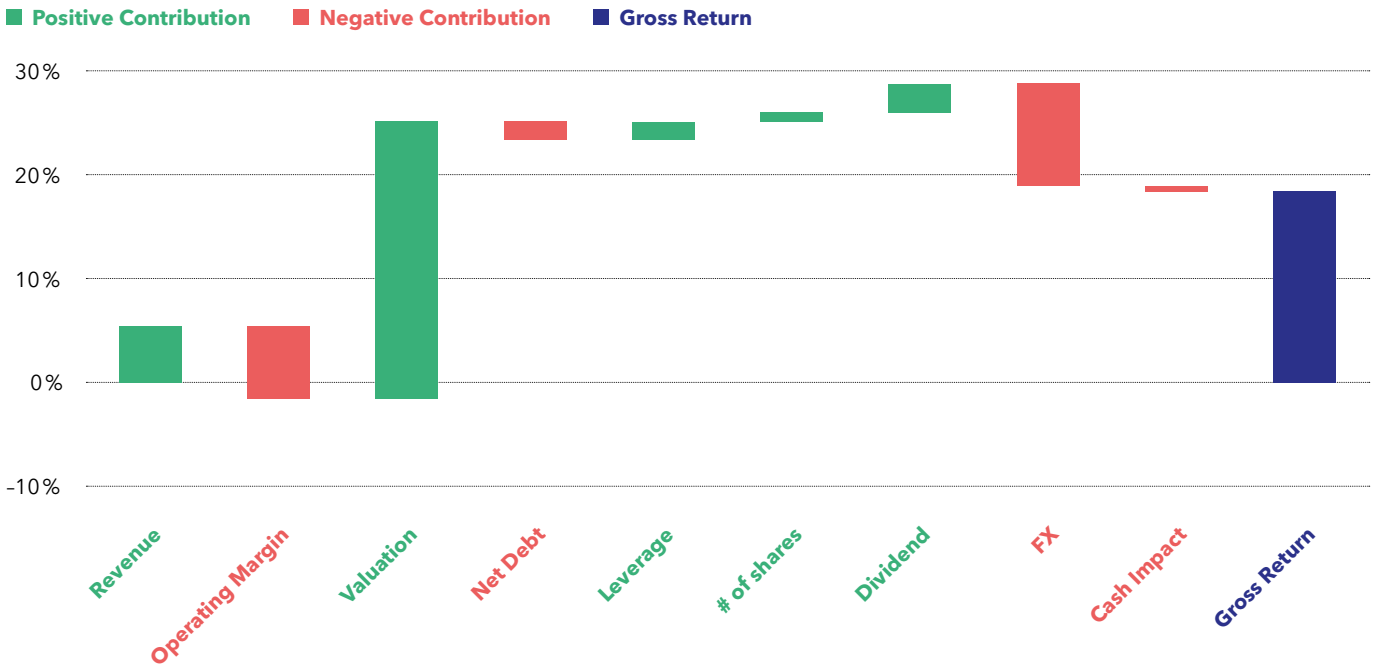
Use of earned cash

Our companies continued to reinvest into their businesses while also paying out earnings, which had a slight negative impact on capital structures. The net dividend yield was +2.8%. Our companies were also able to repurchase a portion of their shares outstanding, which led to a positive +0.8% effect on overall performance. The average capital structure was 1.0x ND/EBITDA.

Other

The cash position impact was -0.5% at an average investment level of 96.7%. The TER was 1.3%.

Explanation of the net return of 16.9% in 2023
 Deep Research Fund - Class A



Gross Return	18.4%
Total Expense Ratio (TER)	-1.3%
Other	-0.2%
Net Return	16.9%

We analyze and report annually on the different factors that led to the Deep Research Fund’s return. The return of the fund is in principal comprised of the capital gains, dividend payments and currency exposures of the various stocks in the fund. We go one step further and analyze the capital gains of the stocks in more details.

On our website at www.deepresearchfund.ch in the section Insights, you can read the report called “return analysis” that provides a detailed explanation of our return analysis with a description of how the return can be broken down into the shown factors.

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